



UTAH TOURISM INDUSTRY ASSOCIATION
Tourism Works™

Interim: October 16, 2019

2018 UTAH TOURISM STATISTICS

OVERALL TOURISM STATISTICS FOR UTAH:

**\$13.4
BILLION**

In Overall Traveler
Spending

**\$1.3
BILLION**

In State and Local Tax
Revenues

\$1,286

Tax Relief per
Household

147,800

Tourism-Related Jobs

MARKETPLACE FACILITATION BILL

Airbnb remitted over \$11 million in taxes in 2018

The AirDNA report suggests that as much as \$5.5 million in additional revenue should now be collected via HomeAway & VRBO, both Expedia companies.

TAX COMPLIANCE ISSUE:

In a recent case study of Garfield County, it is estimated that 15% of taxes (transient, resort, general, municipal) is not being remitted.

In 2018, **Garfield County estimates \$1,019,436.03 in total taxes was collected & not remitted.**

GARFIELD COUNTY METHODOLOGY

Reasonable & conservative assumptions.

1. Identified the non remitting properties.
2. Determined size of property (how many overnight rental units)
3. Determined normal rate charged from their website.
4. Used annual occupancy estimates from Smith Travel Research
5. Did the math.

Number of rooms x Estimated Average Rate x Annual Occupancy x 365 days
Example 40 rooms x \$70 (rate) x 55% (annual occupancy) x 365 days =
\$562,100

To determine estimated tax take total revenue x tax rate (.1167)

$\$562,100 \times .1167 = \$65,597.07$

That is \$23,889.25 in county transient room tax.

But more importantly for you that is also \$399,091 in state Sales tax!

GARFIELD COUNTY EXAMPLE #1

- **Hotel A (located 8 miles from Bryce Canyon National Park):**
 - The company took over and the county noticed an issue.
 - The county has talked to the tax commission numerous times regarding this property
 - The county clerk/auditor was told the company was put on a payment plan.

GARFIELD COUNTY EXAMPLE #1 (cont.)

- **Hotel A (located 8 miles from Bryce Canyon National Park):**
 - A payment was remitted to the county and the next month removed, because the check bounced.
 - The business is on their 3rd payment plan with the tax commission, because they did not comply with the first 2 plans
 - Although the business made one payment of past due taxes, no current taxes have been remitted.
 - It is important to note that **TAXES ARE BEING COLLECTED.**

GARFIELD COUNTY EXAMPLE #2

- **Hotel B (located 30 miles from Bryce Canyon National Park):**
- Purchased by a new owner in 2016
- Tax commission was notified and informed Garfield County the business account was closed in 2015.
- The account was turned over to auditing. A self-review letter was sent in 2018 to the business. The business never responded to the letter. The county offered to have it served by the Sherriff. The tax commission declined.
- 3 years of Judgements have been filed.

GARFIELD COUNTY EXAMPLE #3

- **Hotel C (located 15 miles from Bryce Canyon National Park):**
 - An issue with taxes was discovered in 2016 and the tax commission was notified.
 - The town the business is located in noticed an issue and denied a building permit until they were current in taxes. The business paid a small amount to continue building.
 - A judgement was filed for 3 years of Sales Tax and TRT

GARFIELD COUNTY EXAMPLE #4

Hotel D (located less than 10 miles to the entrance of Bryce Canyon National Park):

- When it was discovered that this business was not remitting taxes, Garfield County asked the Tax Commission and the Tax Commission informed the county the business had closed their account. The account was closed for 7 years.
- The property was sold. They paid a small sum and were never held accountable.
- A judgement was filed for withholding taxes, but the business sold before the judgement was filed.

POSSIBLE SOLUTIONS:

1. Creation of a Business Portal that allows county designees to view: tax payment confirmations, judgments & timelines, whether they are a monthly or quarterly filer and the registered agent of the business.
2. Mimic protocols used with property tax: allow delinquent notices to be placed in local newspapers & property liens
3. Allow counties to appoint a designee in perpetuity, not case-by-case
4. Create a mandatory certification for businesses to receive a business license- Step by Step tax compliance course.
5. Annually, send a link to all business owners with information regarding each tax license they own & updated tax rates
6. **Hire a rural-based FTE through the Utah State Tax Commission** to facilitate compliance

The logo for the Utah Tourism Industry Association (UTIA) is centered within a white circular graphic. It features the letters 'UTIA' in a bold, white, sans-serif font, set against a solid orange rectangular background.

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THANK YOU